

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



**CORRECTED
FISCAL MEMORANDUM**

SB 957 – HB 1324

May 6, 2010

SUMMARY OF AMENDMENT (017007): Deletes the language of the original bill. Defines the term “all-terrain vehicle” for purpose of titling and registration. Authorizes the Department of Revenue (DOR) to register all-terrain vehicles. Creates a new license plate category for all-terrain vehicles. Requires owners of all-terrain vehicles to be issued certificates of title for all-terrain vehicles prior to registration. Establishes (for residents of Tennessee) the registration fee for all-terrain vehicles equal to \$11.25. Establishes (for non-residents) a fee equal to \$4.00 (\$6.00 if paid via county clerk) for a temporary permit for the use of all-terrain vehicles. Establishes allocation method for fee revenue. Authorizes cities or municipalities by ordinance to charge up to \$25.00 for each vehicle registration; and counties by resolution to charge up to an additional \$25.00 for each vehicle registration. Specifies authorized use of all-terrain vehicles, as well as uses which are prohibited. Establishes a Class C misdemeanor penalty for specified unauthorized uses. Authorizes local government jurisdictions to prohibit use of all-terrain vehicles by lawfully enacted resolution.

Directs the Department of Environment and Conservation (TDEC), in cooperation with the Department of Tourism and the Department of Economic and Community Development (ECD), to study and develop a plan for the promotion and development of adventure tourism and other recreational and economic development activities in rural areas of the state. Such study and plan shall be developed within existing departmental resources. Defines multiple terms related to adventure tourism. Requires TDEC, prior to July 1, 2011, to identify geographic regions of the state where promotion and development of adventure tourism is suitable. Authorizes local government jurisdictions to create adventure tourism districts by two-thirds vote of its governing body. Authorizes local governments to enter into intergovernmental agreements to jointly designate adventure tourism districts that contain area within the boundaries of more than one local government. Encourages the Department of Tourism and ECD to work together cooperatively to encourage the development of adventure tourism within adventure tourism districts. Authorizes the use of off-highway motor vehicles within the boundary of adventure tourism districts.

FISCAL IMPACT OF ORIGINAL BILL:

MINIMAL

SB 957 – HB 1324

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

On April 19, 2010, a fiscal memorandum for this bill as amended was issued indicating the following estimated fiscal impact:

Increase State Revenue –

\$8,700/Recurring/General Fund

\$6,200/Recurring/Earmarked for trail construction, maintenance, and land acquisition

\$1,300/Recurring/Earmarked for Tennessee Association of Rescue Squads

\$1,300/Recurring/Earmarked for Comprehensive Regional Pediatric Centers

\$1,300/Recurring/Earmarked for American Academy of Pediatrics

Increase State Expenditures –

\$5,100/One-Time/General Fund

\$2,600/Recurring/General Fund

Increase Local Revenue - \$51,000/Permissive

Increase Local Expenditures – Not Significant

The above estimate was based on a July 1, 2010 effective date. The bill as amended actually has an effective date of January 1, 2011, except for the purpose of promulgating rules. The fiscal impact for this bill as amended with the proposed effective date of January 1, 2011, is as follows:

(CORRECTED)

Increase State Revenue –

\$4,300/FY10-11/General Fund

\$3,100/FY10-11/Earmarked for grants

\$600/FY10-11/Earmarked for Tennessee Association of Rescue Squads

\$600/FY10-11/Earmarked for Comprehensive Regional Pediatric Centers

\$600/FY10-11/Earmarked for American Academy of Pediatrics

\$8,700/FY11-12 and Subsequent Years/General Fund

\$6,200/FY11-12 and Subsequent Years/Earmarked for grants

\$1,300/FY11-12 and Subsequent Years/Earmarked for Tennessee Association of Rescue Squads

\$1,300/FY11-12 and Subsequent Years/Earmarked for Comprehensive Regional Pediatric Centers

\$1,300/FY11-12 and Subsequent Years/Earmarked for American Academy of Pediatrics

Increase State Expenditures –
\$6,400/FY10-11/General Fund
\$2,600/FY11-12 and Subsequent Year/General Fund

Increase Local Revenue – \$25,500/FY10-11/Permissive
\$51,000/FY11-12 and Subsequent Years/Permissive

Increase Local Expenditures – Not Significant

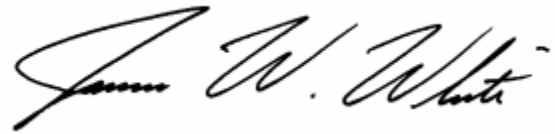
Assumptions applied to amendment:

- According to the Department of Safety (DOS), this bill as amended will have no fiscal impact upon the Department.
- There will not be a sufficient number of prosecutions for state or local government to experience any significant increase in revenues or expenses.
- According to DOR, the Information Technology Resources Division, software and computer modifications would be required. The associated one-time increase to state expenditures is estimated to be \$5,100.
- DOR indicates the manufacturing cost is \$2.55 per license plate; therefore, the increase to state expenditures is estimated to be \$2,600 (1,000 plates x \$2.55 = \$2,550).
- Based on information provided by DOR, the Vehicle Services Division, approximately 1,000 certificates of title and all-terrain vehicle registrations would be issued each year for Tennessee residents.
- Five hundred temporary permits issued statewide by county clerk offices each year for non-residents. As a result, the temporary permit fee will be \$6.00 (\$2.00 will be retained by the county clerk offices).
- Pursuant to Tenn. Code Ann. § 55-6-101(a)(1), the fee required for obtaining a certificate of title is \$5.50.
- The recurring increase to state revenue is estimated to be \$18,800 per year [(1,000 vehicles x \$11.25 state registration fee) + (1,000 vehicles x \$5.50 title fee) + (500 temporary permits x \$4.00 state portion of permit fee) = \$18,750].
- Allocation of the \$18,800 in state revenue is estimated as follows: \$6,200 will be earmarked for grants for the purpose of trail construction, trail maintenance and land acquisition for off-highway vehicles; \$1,300 will be allocated to the Tennessee Association of Rescue Squads; \$1,300 will be allocated to the Comprehensive Regional Pediatric Centers; \$1,300 will be allocated to the Tennessee chapter of the American Academy of Pediatrics; and \$8,700 to the General Fund.
- The permissive increase to local government revenue is estimated to be \$51,000 per year [(1,000 plates x \$25.00 county fee) + (1,000 plates x \$25.00 city fee) + (500 temporary permits x \$2.00 local share) = \$51,000].
- Given the January 1, 2011 effective date, the first-year impact is estimated at 50 percent of the first full-year impact.
- No additional state expenditures to conduct a study and for developing a plan for adventure tourism because such study and plan shall be conducted with existing departmental resources.

- The study to be conducted by TDEC includes the identification of geographic regions suitable for adventure tourism. Therefore, no additional state expenditures.
- Any increase to local government expenditures for authorizing, by two-thirds vote of the respective governing body, the creation of adventure tourism districts is estimated to be not significant.
- Any increase to local government expenditures for local governments to enter into cooperative agreements is estimated to be not significant.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible, and "W." in the middle.

James W. White, Executive Director

/rnc